



COMPTROLLER
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Serving the People

Fall 2015

Peter Franchot, Comptroller
www.marylandtaxes.com

From the Desk of the Comptroller



Earlier this fall, I released the Fiscal Year 2015 closeout numbers which showed General Fund revenues were \$214.5 million more than

what we originally forecasted.

While it demonstrates the strength and resiliency of Maryland's economic bones and is certainly positive news for the state budget, we must remain cautiously optimistic, recognizing the lingering challenges facing the household budgets of ordinary Maryland families. Wages, salaries and consumer spending are still subdued compared to pre-recession levels, as many working Marylanders continue to struggle to secure a steady paycheck while making payroll remains challenging to small businesses.

That's why I remain dedicated to "fiscal responsibility for a purpose." We must recognize as a state that to afford what we truly need, we have to forego some of what we simply want. And it's why I continue to call for a multi-year moratorium on new taxes and fees and major regulatory changes, along with a laser-like focus on reforming the way we procure goods and services as a state. For Maryland to reach its economic potential, we need to instill predictability, so consumers will have the confidence to spend their hard-earned dollars and so businesses have

the confidence to hire, expand and invest in Maryland.

While I continue to work to keep the State's fiscal house in order, securing Maryland's long-term financial stability and security relies on families' ability to get their own finances in order. That's why I continue to push for every Maryland student to receive a financial education as a condition of high school graduation. Our young people are our greatest economic resource, so we must empower them with the tools necessary to lead productive lives.

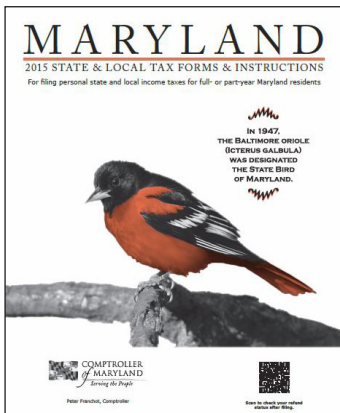
With the increasing importance of a college education in today's knowledge-based economy, I continue to raise awareness about the resources available to help parents save for their children's future. We are fortunate to have two fantastic 529 college savings programs offered through the College Savings Plans of Maryland that provide flexibility and significant tax benefits to Maryland taxpayers. To learn more, please visit www.collegesavingsmd.org.

For the State of Maryland as well as families, our economic future grows with the seeds we plant today.

Peter Franchot
Comptroller of Maryland

Revenue

What's New on Tax Forms for 2015



The cover of the 2015 Maryland state and local tax instruction booklet features Maryland's state bird, the Baltimore Oriole.

Tax professionals and taxpayers should be aware of several changes for the upcoming tax season. These changes include:

Grid Format Nearly all paper versions of Maryland income tax forms have been converted to a new “grid” format to increase taxpayer readability and to enhance processing.

Resident Returns Line 31 of Form 502 – This is a new line and is to be used for a local tax credit from Part K, line 1 of Form 502CR.

Instructions to 502 Instruction 13 – The instructions letter code “u” have been changed. Taxpayers who have not yet attained the age of 65 are entitled to a subtraction of up to \$5,000 of military retirement income; however, taxpayers who are 65 or over may subtract up to \$10,000 of military retirement income received.

A new code “va” has been created to be the amount used for the Honorable Louis L. Goldstein Volunteer Fire, Rescue and Emergency Medical Service Personnel Subtraction Modification Program, to allow an amount of \$4,000. It has been expanded this year to include members of the Maryland Civil Air Patrol.

A new code “vb” has been created for the Honorable Louis L. Goldstein Volunteer Police Personnel Subtraction Modification Program, to allow an amount of \$3,500 for qualifying police auxiliary or reserve officers.

Instruction 20 – Instructions have been updated to reflect the Fair Campaign Financing Fund as the fourth fund on Form 502.

Instruction 21 – line 42 instructions – The amount of the refundable earned income credit (REIC) has been updated to

25.5% of the federal earned income tax credit. This increase in the rate has also been reflected in the REIC Worksheet (21A).

Form 502 CR – Income Tax Credits for Individuals

PART H – Part H has been updated to reflect the Community Investment Tax Credit (CITC) to provide to individual taxpayers an option to file Form 502CR or Business Tax Credit Form 500CR to claim the CITC. Individuals may not do both. Also, Pass Through Entity (PTE) members may not use Form 502CR to claim their distributive or pro rata share of the credit. PTE members continue to claim their credit in the Business Tax Summary Section of Form 500CR.

Instructions to Form 505 Instruction 20 – The earned income credit instructions have been removed because it is no longer available to nonresidents.

Form 500CR – Maryland Business Income Tax Credits

– (Available only to electronic filers)


Part V – Endow Maryland Tax Credit – The necessary lines have been added to calculate the amount of this new credit, which is 25% of approved donation to a qualified permanent endowment fund, not to exceed \$50,000.

Form 500MC — Report of Multistate Manufacturing Corporation (With more than 25 employees)
The use of Form 500MC for tax years beginning after December 31, 2014 has been discontinued.

Withholding

Maryland Employer Withholding Tax Guide – The new Maryland Employer Withholding Tax Guide has been updated to reflect the new 1.75% tax rate for Worcester County and for nonresidents beginning January 1, 2016.

Form MET-1 Maryland Estate Tax Return – The minimum filing requirement for a decedent's gross estate is \$1,500,000 if the date of death is in 2015; the Maryland gross estate exemption increases to \$2,000,000 if the date of death is in 2016.

Table A – Unified Rate Schedule has been removed from the 2015 Form MET-1. Please refer preparers to the unified rate schedule on the federal estate tax Form 706. 

Workshops For Tax Preparers and Practitioners

The Maryland Society of Accountants and Tax Professionals (MSATP) has scheduled the 2015 State of Maryland Tax Updates session for tax preparers and practitioners as follows:

November 30, 2015
1 to 4 p.m. – *Martin's Crosswinds, Greenbelt* – (Live Only)

December 2, 2015
1 to 3 p.m. – *OC Convention Center* – (Live Only)

December 17, 2015
2 to 4 p.m. – *Ellicott City* – (Live and Internet)


The Tax Updates include a series of workshops to explain new developments in State of Maryland tax law and other reporting requirements. For more information and to register for these and other events, please visit MSATP's website at www.msatp.org or call 1-800-922-9672.

The Comptroller of Maryland remains committed to providing information necessary to properly prepare tax returns with regular updates on the latest law and regulation changes.



The Maryland Society of Accounting & Tax Professionals, Inc is a non-profit corporation that offers courses throughout the State of Maryland and whose goal is to protect their members' rights to practice accounting in Maryland.

The Revenue Administration Division will provide speakers to the MSATP, the Maryland Association of Certified Public Accountants, and other professional groups it has partnered with in the past. In addition, the annual tax update materials will continue to be published and will be available upon request.

CPAs, attorneys, and others licensed by state boards/ organizations should check with their respective boards/ organizations to determine if credits apply toward their continuing education requirements. 

Local Comptroller Offices

Taxpayers can obtain free Maryland income tax assistance in person or over the phone by contacting Taxpayer Service at 410-260-7980 from Central Maryland, or 1-800-MD-TAXES (1-800-638-2937) from elsewhere, or in person at any of the 12 locations listed below Open 8:30 a.m. - 4:30 p.m., Monday through Friday.

Annapolis
Revenue
Administration Center
110 Carroll Street,
Annapolis, MD 21411

Baltimore
State Office Bldg.
301 W Preston Street,
Room 206,
Baltimore, MD 21201

Cumberland
Allegany Museum
3 Pershing Street,
Suite 101,
Cumberland, MD 21502

Elkton
Upper Chesapeake
Corporate Center
103 Chesapeake Blvd,
Suite D,
Elkton, MD 21921

Frederick
Courthouse/
Multiservice Center
100 W. Patrick St., Room 2110,
Frederick, MD 21701

Hagerstown
Professional Arts Bldg.
One South Potomac Street,
Hagerstown, MD 21740

Landover
Treetops Bldg.
8181 Professional Place,
Suite 101,
Landover, MD 20785

Salisbury
Sea Gull Square
1306 South Salisbury Blvd.,
Suite 182,
Salisbury, MD 21801

Towson
Hampton Plaza
300 E. Joppa Road,
Plaza Level 1A,
Towson, MD 21286

Upper Marlboro
Prince George's County
Courthouse
14735 Main Street,
Room 083B,
Upper Marlboro, MD 20772

Waldorf
1036 Saint Nicholas Drive,
Suite 202,
Waldorf, MD 20603

Wheaton
Westfield Wheaton
South Building
11002 Veirs Mill Rd, Suite 408,
Wheaton, MD 20902

Parents and Grandparents: Guide to Maximize MD 529 Tax Benefits



Did you know the Maryland College Investment Plan (MCIP) and Maryland Prepaid College Trust (MPCT) are the only 529 plans that offer a state income deduction to Maryland taxpayers?

If you are a tax preparer or financial advisor, Maryland taxpayers have several ways to make this benefit work harder for your client. Here's an example:

Open accounts in both plans. A person can deduct up to \$2,500 for each beneficiary in MCIP, and each account they hold in MPCT for their contributions in that tax year.

Have a spouse and other family members do the same. Each account holder is eligible for deductions, regardless of whether they are married or file taxes individually or jointly.

Open accounts for each child. Account holders and family members can earn additional deductions if they open and fund accounts in one or both plans for each child in their family.

Open an account for an adult. Family members can each open an account for an adult in the Maryland College Investment Plan for additional Maryland income deductions.

Reinvest the tax savings into the child's future. The Comptroller's Office estimates that each \$2,500 deduction saves \$190 on state and local taxes.* Assuming the account owner and spouse reinvest the money saved from four annual \$2,500 deductions -- \$760 -- for 10 years at a 6% projected rate of return, they could have just over \$10,500 in additional savings.**

Contributions made into a single account over \$2,500 may be carried forward to future tax years. Visit the Comptroller's website for additional details about the income deduction and carrying over tax benefits. For more information see CollegeSavingsMD.org or call **888.4MD.GRAD (463.4723)** to learn more. 📄

**This is a hypothetical scenario and the amount of savings from your income deduction may vary. **It assumes an investment in a tax-deferred vehicle with a 6% hypothetical rate of return compounded annually and a 0.20% annual program fee. This is for illustrative purposes and does not represent the return of any specific investment option. Investment returns in a college savings plan will vary and may be higher or lower than in this example.*



Comptroller Peter Franchot and Treasurer Nancy Kopp spoke to students at Rolling Terrace Elementary School in Takoma Park about the importance of getting a college education and for their parents and grandparents to start saving now through one of two plans offered through College Savings Plans of Maryland.

Taxpayer Contributions Support Maryland Cancer Fund

This tax filing season, Marylanders can help fight cancer with a simple checkmark when completing their state income tax form, according to the Department of Health and Mental Hygiene (DHMH).

The Maryland income tax form provides state residents an opportunity to donate to the Maryland Cancer Fund which supports cancer prevention, early detection and treatment programs.

Taxpayers can simply add a checkmark to the Contribution to Maryland Cancer Fund line (found on line 37 on form 502) on the Maryland tax form and indicate the amount of the donation. This amount will be deducted from the individual's tax refund or added to the individual's tax payment. All donations are tax deductible.



The Maryland Cancer Fund offers cancer treatment grants for low-income Marylanders through the local health departments and primary/secondary grants to entities that provide cancer screenings and cancer prevention activities.

The Maryland Cancer Fund provides funding for cancer prevention and early detection programs. It also provides funding for cancer treatment to cover the cost of cancer diagnosis and treatment for low-income and uninsured Maryland residents.

For more information about the Maryland Cancer Fund, please visit http://phpa.dhmh.maryland.gov/cancer/SitePages/mcf_home.aspx or call 410-767-6213. 📄

Taxpayers Help Marylanders with Disabilities

Each year, the lives of thousands of Marylanders with developmental disabilities are put on hold because their families don't have the financial means to provide the additional help they need. Contributions to the Developmental Disabilities Services and Support Fund help provide vital support to children

and adults with disabilities such as autism, cerebral palsy and Down Syndrome. Services include support to families, job training and employment for adults, living in place assistance and crisis intervention. Taxpayers may contribute any amount to this fund using line 36 of Form 502, line 27 on

Form 504 or line 40 of Form 505. Those contributions may be deducted from tax refunds or added to a tax payment. 📄

Contact the Maryland Department of Disabilities at www.mdod.maryland.gov or 1-800-637-4113

More than \$528 Million Returned in Unclaimed Property Since 2007

Comptroller Peter Franchot said 3,318 people discovered more than \$345,885.69 in unclaimed funds after visiting his agency's booth at fairs and festivals across the State this summer. One visitor claimed \$13,204 at the Maryland State Fair.

Since 2007, the Comptroller's Office has returned more than \$528 million in unclaimed property.

Throughout the summer, Comptroller Franchot's staff worked the unclaimed property booths at the African American Heritage Festival in Baltimore City, the Allegany County Fair, the Montgomery County Fair, the Prince George's County Fair, the Anne Arundel County Fair, the Great Frederick Fair, the 50+ Expo and the Senior Expo/

Baby Boomer Expo as part of a state-wide initiative to help reunite Marylanders with money they are owed.

"We work hard each day to reunite the rightful owners with their unclaimed property," Comptroller Franchot said. "It is especially important in these challenging economic times for us to return these unclaimed funds to Marylanders who need it."

The Comptroller encourages everyone to visit, www.marylandtaxes.com, to search the agency's complete record of unclaimed funds or at www.missingmoney.com. Additionally, taxpayers can call the office at 410-767-1700 in Central Maryland or toll-free at 1-800-782-7383 from elsewhere. 📄

Join Maryland's Free 'CPAs for a Healthy Bay' Program

Did you know that Marylanders have an opportunity to help the Chesapeake Bay when they pay their state income taxes? Line 35 on the Maryland state income tax form, the Chesapeake Bay and Endangered Species Fund, is a voluntary donation program where taxpayers can make a donation to protect the Chesapeake Bay and its wildlife. The donated dollars are split between the Chesapeake Bay Trust and the Maryland Department of Natural Resources, to help restore the Chesapeake Bay and conserve Maryland's wildlife. Donations are tax deductible and can be made in any amount.

And while Line 35 is an excellent opportunity for Marylanders to make a charitable contribution, to date less than 2 percent of tax returns contain donations to the check-off. To increase awareness about the Bay Fund checkoff, CPAs for a Healthy Bay was created as a free program designed to encourage CPAs and other tax professionals to take a few simple steps to increase participation in this worthwhile program. In return for participating in this program, the Chesapeake Bay Trust will promote you as a business committed to helping with Maryland's great natural resources.

The CPAs for a Healthy Bay program is offered by the Chesapeake Bay Trust, a nonprofit organization that funds Bay restoration, neighborhood clean-ups and education programs throughout the State. The trust is a four-star charity that takes 90 cents of every dollar it receives and directs it back to projects and programs that directly benefit the Bay. To date, almost 100 CPAs and tax firms have signed up to participate and we hope you will join us today.

How you can participate in the FREE CPAs for a Healthy Bay Program:

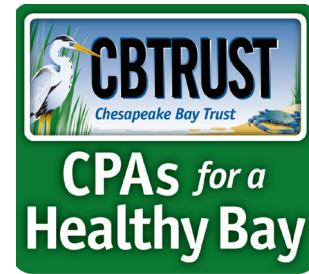
- 1) Register at www.cbtrust.org or call 410-974-2941, ext. 107 and ask for a copy of the **CPAs for a Healthy Bay** brochure to be mailed to you. There is no cost to participate; this program is simply about raising awareness.
- 2) Once the Trust receives your registration, the Chesapeake Bay Fund will mail you (at no cost) signage for your office and the number of inserts you have requested to include in your tax preparation packets. Electronic inserts are available as well.

- 3) Please communicate with clients and/or employees (through newsletters, on your company website, etc.) about the tax check-off and the reason these dollars are important to the community. Content is available upon request.

- 4) When you speak with your clients, please mention the Bay Fund checkoff and ask if they would like to make a tax-deductible donation to help the Bay. Our research has shown that more than 50 percent of Marylanders want to make a donation if they are asked to do so!

What you will get in return:

- **Web Promotion:** Your business will be highlighted on the Chesapeake Bay Trust's website, which reaches thousands of people each month.
 - **CPAs for a Healthy Bay Logo:** You will receive a seal to market your commitment to current and prospective clients on your website and in printed materials.
 - **Recognition in Electronic Newsletters:** Your company will be included with a direct web link in multiple newsletters, which reach more than 30,000 subscribers three times a month
 - **Promotions via Social Media:** The Trust will highlight you and your business to almost 20,000 followers through Facebook and Twitter.
 - **Recognition at Special Events:** Your company name will be highlighted at multiple Trust events and through printed materials distributed by the Trust.
 - **Free Materials:** The Trust will provide free inserts and point-of-sale marketing collateral for your office highlighting the Bay Fund tax check-off and the benefits it provides local communities.
- For more information and to get started as a **CPA for a Healthy Bay**, visit www.cbtrust.org or email Molly Alton Mullins at mmullins@cbtrust.org.



Since 1985, this program has funded \$40 million worth of environmental education, community engagement and bay restoration projects through grant programs and special initiatives. In 2013, these grants removed 553 tons of trash, planted 115,000 native trees and plants, and educated 97,000 students about the Bay. Today, the demand for grants exceeds available funds. All donations, no matter how big or small, will have an impact.

Change in procedure for 2016 Maryland IFTA License Renewal and Receipt of 2016 IFTA Decals



2016 Maryland IFTA licenses will not be automatically renewed for any account this year and motor carriers will not receive Maryland 2016 IFTA license and decals until the online or paper application to renew your IFTA license has been completed. The deadline for Maryland IFTA license renewal is December 31, 2015. Motor carriers are strongly encouraged to renew their license online which will be available December 1, 2015 for expedient processing.

If a motor carrier is not currently filing returns online, registration may be done at <https://md.iftaipc.com> to be prepared for online IFTA license renewal available on December 1, 2015. If online license renewal is not convenient, a company specific IFTA paper renewal packet

*The deadline
for Maryland
IFTA license renewal is
December 31, 2015.
Motor carriers are strongly
encouraged to renew
their license online,
available
December 1, 2015.*

will be mailed beginning November 1, 2015, and can be completed and mailed back. When the license renewal has been received and processed, the 2016 license and decals will be mailed. If a motor carrier has delinquent IFTA returns or unresolved liabilities with the Comptroller of

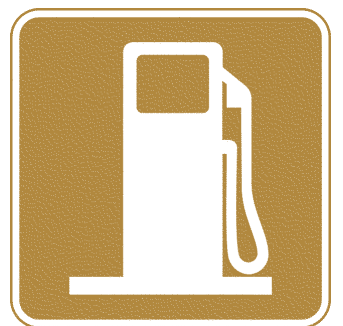
Maryland or with the Maryland Department of Labor, Licensing and Regulation, the IFTA license will not be renewed and decals will not be received. Motor carriers are encouraged to resolve delinquencies as soon as possible.

*For further
information,
contact
Taxpayer Services
410-260-7980.*

The Maryland IFTA system, known as Explore, uses the latest encryption and security technologies for full electronic filing of license applications, returns and payments through common web browsers. IFTA customers are encouraged to use IFTA e-filing as the most secure and efficient way, and best of all, it is free. E-filing also confirms that the IFTA report has been received, allows for a printed copy for record-keeping and allows tax payers access to view accounts..

If you have any questions, please contact Taxpayer Services at 410-260-7980 or via email at MFT@comp.state.md.us. Or visit the website at http://taxes.marylandtaxes.com/Business_Taxes/Business_Tax_Types/Motor_Fuel_Tax/Tax_Information/IFTA/.

A "how to" tutorial on the online Maryland IFTA license renewal process is available in a video at: <http://ipccarrier.helpdocsonline.com/renewing-your-ifta-license-ky-md-mi>; or in print at: <http://ipccarrier.helpdocsonline.com/renew-your-ifta-license>.



Important Maryland Tax Phone Numbers

Taxpayer Services: Call 1800 MDTAXES (1-800-638-2937)
or from Central Maryland 410-260-7980.

Central Registration Unit: For help in completing the Combined Registration Application, call 410-260-7980 from Central Maryland or 1-800-638-2937 from elsewhere. You can also fax your completed application to 410-260-7908 or complete and file the application online at www.marylandtaxes.com.

Refund Unit, Compliance Division: For information about sales and use tax, admissions and amusement tax and tire fee refunds, call 410-767-1530.

License Bureau, Investigative Services Unit: To determine if special licenses are required, call 410-260-6240 or toll-free 1-866-239-9359. Send e-mail inquiries to slb@comp.state.md.us.

No Tax Due? If you have no tax due for the filing period, you may telefile your business tax return at 410-260-7225. You can also file your business tax return electronically, using bFile.

Visit the agency's website www.marylandtaxes.com to:
file business taxes electronically, using bFile; pay existing income and business tax liabilities online, using BillPay; register business tax accounts online; verify sales tax exemption certificates online; and use other online services.

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410-260-7300 (voice)
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or 1-800-735-2258

Content Writer/Editor: Barbara Sauers
(bsauers@comp.state.md.us)


Writer: Emmanuel Welsh
(ewelsh@comp.state.md.us)

Design/Layout: Deirdre Tanton
(dtanton@comp.state.md.us)

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